



Create a Lasting Competitive Advantage *—ask yourself the right questions*

By Ron Black

Business is more complicated, riskier, and (in many industries) less profitable than at any time in the preceding 50 years—and you don't have to be as old as I am to figure this one out. A few weeks ago I stumbled across some files from a company I sold in the mid-1980s. It brought to my attention how much (and in some ways how little) things have changed.

Like many business owners, I was born into the life. While most of my friends were learning how to play baseball, hanging around at the Five and Dime (yeah, I am an old guy), and were otherwise pursuing the activities vital to adolescent happiness, I was working in my father's construction business. And although I didn't think so at the time, I was one lucky kid. I learned a trade. I learned how to deal with people. I learned that only the customer can make you a success. Most importantly, I learned that you don't have to know all the answers, as long as you know what the questions are, and who you can trust. Now, after 30 plus years of doing, studying, teaching, and writing about the business, I've come full circle. Let me explain.

In any aggressive industry, (and as far as I can tell they're ALL aggressive) there is little any business leader can do that will provide a genuine lasting advantage. As in all competitive environments, innovation flashes throughout the industry, like a wildfire in dry grass. As soon as you learn about anything that promises greater efficiency, lower costs, or faster through-put, so does your competition. What looked like a competitive advantage yesterday, is today's standard methodology. What was billed as a competitive advantage by your vendors and the industry gurus quickly becomes just another inevitable step along the treadmill of change.

Here's the point: You can't buy a competitive advantage. Every "advance" in materials, tools, and technologies that you'll ever adopt is essentially obsolete before you adopt it. At best, innovations in tools, materials, and technology can only maintain the status quo. The only way to get a *lasting* competitive advantage is to change the way you *think* about your business.

The more experience and knowledge I gain, the more I believe my father had it right when he told me, "You don't have to know the answers, you just have to know the questions." To extend his line of reasoning, you don't have to look far for a competitive advantage—in fact, you have to look a little closer—by seeing what everyone else sees from a little different perspective. The best way to do that, is to ask guiding questions.

Most managers and owners ask good questions. They understand that the role of a business leader is to build profits, to build strength, and to build growth. (Unless, you head a public company in which case the goal is to increase shareholder value). The question is, "How?" It's natural to think of finding advantage in new materials, tools, and technology: Is it better? Is it faster? Is it cheaper? But while these questions must be continually asked and answered to maintain the competitive status quo, none of these external changes creates a lasting advantage.

A lasting competitive advantage comes from creating a **defensible strategy** that is right for you and not right for your competition. That comes from asking the right questions; and from being able to sort the good ideas from the bad. If you accept that the key to finding a competitive advantage is in the questions, "how can I improve my company's profits, strength, and growth", are there really any new answers? Would you recognize a competitive advantage when you saw one?

Everybody seems to promise solutions to our most difficult business problems: industry gurus, college professors, vendors' sales staff, and even the guy you just hired to load trucks. It's not that we don't have plenty of ideas. And I don't

know about you, but I'll steal a good idea from any and all of the above—so long as it makes sense for my organization. The trick is to be able to spot a good idea when it arrives! And, the trick to separating the good ideas from the ones that won't produce meaningful results goes back to the quality of questions we're asking. The better your questions, the better able you are to capture, adopt, or adapt the ideas that make sense for your organization. I once worked with a construction foreman who always insisted on stopping to take a look at the competition's jobsite. "You can always learn something," he would say, "even if it's what not to do!" His guiding question drove much of the value he brought to our organization. Simply put, "Is there something they know that I don't?"

How good are your questions? Are you stuck like so many on better, faster, cheaper? For me, I can't ignore my early business education from dear old Dad. Asking what's different between now and then yields much food for thought. Narrowing it down to the primary business questions of what's different in my profitability, strength, and growth yields a more meaningful (and frightening) comparison. The numbers are hard to deny. Granted, many of today's businesses have only been around a few years, but have you not noticed the trends? Aren't businesses in your industry generally less profitable, more volatile, and consequently at greater risk? As a business owner and as an advisor to some very large, some very small, and every size company in between, I think there were fewer frustrations and fears 20 years ago than today. Compare your earliest experience in your current industry: what do you see that has changed?

For me, the core differences are not the materials, the tools, or the technology: rather, it's the business process we're seemingly trapped in. It seems to me that we've lost many of the positive business practices and team-like behaviors that were present in the business environment of my youth. Sure, it's always been a culture of ambition, determination, and self-sufficiency but business people used to take pride in being honest, fair-handed, and team-minded.

Even in the rough and tumble hard-hat construction industry, the “norms” of team work has seemed to slip. Dad taught me to always look up before walking out from under a protected area, that the guy carrying the load always had the right of way, and that to make money, you had to help someone else make money. While many of us still abide by the first two, the last item is generally ignored these days. In fact, many now believe that the only way to make money is to beat up their vendors, hold back their subordinates, and protect their turf. It used to be common knowledge and a point of pride for trades and builders to cooperate for the benefit of all. To be branded “not a team player” used to be the kiss of death in that industry, and in many others of the day. Twenty years ago when we said we would be there, we were. When we made a commitment, we shook hands. Twenty years ago I had never heard the term “passive aggressive”. Now it seems to be the cultural norm in some large organizations. Certainly, there were disagreements, miscommunications, and litigation, but these were the exception, not the rule. You can still find pockets of teamwork and cooperative effort, but overall, I lament the self-preservation attitude that now permeates our thinking, our employee's thinking, our vendor's thinking, and our customers' thinking.

The basic issues we face have changed little over the years. Our quest for profit, strength, growth remains the primary concern. But in a business environment that has grown so competitive and yet so interdependent, finding a competitive advantage requires a different approach. To find your own competitive advantage, you must now be willing to help those you depend on for your success. To create a meaningful competitive advantage we must now elevate the success of our employees, our vendors, and even our customers to a new level of concern.

It's time to recall a better way of doing business. Those who can create an environment of mutually beneficial trust and respect between businesses, employees, customers, and vendors, will unlock the secret to a lasting competitive advantage. It's time to stop asking “How can I build MY profits, MY strength, and MY growth?” and begin a new, cooperative, mindset.

One thing is for sure, if the status quo isn't good enough for you, you're going to have to change your approach. To change your approach, change your thinking. To change your thinking, change your questions. I submit it is time to ask, "How can **WE** build **OUR** profits, how can **WE** build **OUR** strength, how can **WE** build a better system to satisfy **OUR** customers?"

When creating your own guiding questions, I encourage you to consider the success of your employees, vendors, and customers at least as much as your own. You'll know if you're on track to a meaningful competitive advantage when you ask and answer in the affirmative, "will this be good for all of us?"

About Ron Black: Ron works with top managers who want to move their organizations to new levels of performance, with entrepreneurs launching new products and services, and with the world's most productive achievers. With over 30 years of business experience, Ron has built a reputation for delivering down-to-earth, results-proven tools of success in his seminars and books on project management, productivity and leadership. He is the author of two books, the latest of which is *The Complete Idiot's Guide to Project Management with Microsoft Project 2003*. Contact him at 800-381-8686 or at RonBlack@TheMentorGroup.com for training, project facilitation, and consultation.

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